

Amendments to House Bill No. 676  
Reference Copy

Requested by Senator Keith Bales

For the House Free Conference Committee

Prepared by Greg Petesch  
April 27, 2009 (10:36am)

1. Title, page 1, line 23.

**Following:** "CONTRACEPTION;"

**Insert:** "PROVIDING THAT CONTRACTS TO IMPLEMENT THE CHILDREN'S  
HEALTH INSURANCE PROGRAM MAY NOT RESTRICT ACCESS TO HEALTH  
CARE PROVIDERS;"

2. Title, page 2.

**Following:** line 4

**Insert:** "53-4-1007,"

3. Page 31.

**Following:** line 23

**Insert:** "Section 22. Section 53-4-1007, MCA, is amended to read:

"53-4-1007. (Temporary) Department may contract for  
services. (1) The department of public health and human services  
may administer the program directly or contract with insurance  
companies or other entities to provide services for a set monthly  
or yearly fee based on the number of participants in the program  
and the types of services provided or based on a fee for service  
as established by the department.

(2) The department of public health and human services may  
contract for a health care service based on a fee for service  
when the department does not contract for a health care service  
through an insurance plan, a health maintenance organization, or  
a managed care plan. A contract entered into or renewed on or  
after [the effective date of this act] may not limit enrollee  
access to providers who are willing to provide services at the  
rates provided for under the program. In operating the program  
and providing health services, the department may:

(a) pay providers on a fee-for-service basis in a  
self-funded program and contract with an insurance company,  
third-party administrator, or other entity to provide  
administrative services, including but not limited to processing  
and payment of claims with program funds;

(b) purchase health coverage for eligible children from an  
insurance company or other entity through premiums, capitated  
payments, or other appropriate methods;

(c) purchase health coverage as provided in subsection  
(2)(b) for some types of health services and contract directly  
with providers for other types of health services on a

fee-for-service basis; or

(d) pay providers on a fee-for-service basis and directly provide administrative services in a self-funded program.

(3) If the department of public health and human services contracts with an insurance company or other entity to administer the program as provided in subsection (2)(b) or (2)(c), not more than 12% of the contract payment may be used for administrative expenses, including:

(a) direct and indirect expenses as specified in 33-22-1514;

(b) risk charges; and

(c) any applicable assessments, fees, and taxes.

(4) If the department operates the program by providing administrative services under subsection (2)(a), (2)(c), or (2)(d), the department's administrative expense may not exceed the lesser of 10% of total program expenses or the applicable federal limitation, excluding costs for federally required audits.

(5) (a) An insurance company or other entity that contracts with the department for a fully insured contract as provided in subsection (2)(b) shall calculate the surplus account balance at the end of each contract year and may retain an amount equal to 50% of the risk charge allowed under the contract. The remainder of the surplus balance must be deposited in the state special revenue account provided for in 53-4-1012.

(b) For the purposes of this subsection (5):

(i) "risk charge" means the percentage of the administrative expense allowed in the contract for assuming the risk;

(ii) "surplus account balance" means funds that remain after all claims and all administrative expenses have been paid for a claim period. (Terminates on occurrence of contingency--sec. 15, Ch. 571, L. 1999; sec. 7, Ch. 565, L. 2005; sec. 5, Ch. 129, L. 2007.) "

{ Internal References to 53-4-1007:  
53-4-1002\*x }

**Renumber:** subsequent sections

4. Page 38, line 26.

**Strike:** "28"

**Insert:** "29"

5. Page 38, line 27.

**Strike:** "28"

**Insert:** "29"

- END -